

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:3224
ANSWERED ON:12.05.2006
TAX FREE ZONES
Bishnoi Shri Jaswant Singh

Will the Minister of FINANCE be pleased to state:

- (a) the number of States having tax free zones in the country;
- (b) whether there is an adverse effect on the entire country due to tax free zones in a State;
- (c) whether the Government have conducted any study in this regard;
- (d) if so, the conclusion of the study;
- (e) if not, whether the Government proposes to conduct such study in the near future; and
- (f) if so, the details thereof?

Answer

MINISTER OF FINANCE: (SHRI P. CHIDAMBARAM)

- (a) There are 16 Special Economic Zones in 9 States of the country. Further, tax holiday is also available to new units set up in the North-Eastern States, Jammu & Kashmir, Sikkim, Uttaranchal and Himachal Pradesh, subject to the provisions of sections 80IB and 80IC of the Income-tax Act.
- (b) Some States have complained about the shifting of industries from their States to the States enjoying tax-free status under the Income-tax Act.
- (c), (d), (e) & (f) Various expert committees have criticized the policy of providing area-based tax exemptions and deductions and have recommended that such exemptions should be discontinued.